



National Round Table on the Environment and the Economy

Annual Report 2009-2010



National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l'environnement
et l'économie

Canada



National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l'environnement
et l'économie

NATIONAL ROUND TABLE

344 Slater Street, Suite 200 Ottawa, Ontario, K1R 7Y3 Canada

ON THE ENVIRONMENT

T 613-992-7189 / F 613-992-7385 / E-mail: admin@nrtee-trnee.ca

AND THE ECONOMY

WWW.NRTEE-TRNEE.CA

LETTER FROM THE CHAIR AND PRESIDENT AND CEO

July 2010

Dear Minister:

We are pleased to submit to you the *2009-2010 Annual Report* of the National Round Table on the Environment and the Economy (NRTEE).

The year was an exceptionally busy one for the Round Table, beginning with the April, 2009, release of *Achieving 2050: A Carbon Pricing Policy for Canada*. This was followed by four separate policy publications, including last July's annual review and assessment of the government's *Kyoto Protocol Implementation Act Action Plan*. The NRTEE also conducted research during the fiscal year that culminated in the publication of two other reports in the spring of 2010.

The Round Table marked the fall by releasing *True North: Adapting Infrastructure to Climate Change in Northern Canada*. The report offered practical advice on how Northern Canada can adapt its infrastructure to the potential effects of a changing climate. Later, the Round Table wound up its *Achieving 2050* carbon pricing policy report with an electronic report highlighting key outcomes from a series of outreach sessions with stakeholders that took place in the late spring and summer of 2009.

In early 2010, the NRTEE produced, in conjunction with the Public Policy Forum, a report examining the need for new collaborative governance approaches to achieve the goals of sustainable development. Entitled *Progress Through Process: Achieving Sustainable Development Together*, this joint report was the culmination of meetings and consultations with 20 experts in the field of sustainability and governance.

Throughout the year, the Round Table also continued with its work on two major policy research programs: *Climate Prosperity: The Economic Risks and Opportunities of Climate Change for Canada* and *Water Sustainability and Canada's Natural Resource Sectors*.

The *Climate Prosperity* series was unveiled to the public in April, 2010, with a brochure outlining the scope of the program. The first report in the series, *Measuring Up: Benchmarking Canada's Competitiveness in a Low-Carbon World*, was released in May, 2010. In June, the NRTEE released the first of two reports as part of its water program, entitled *Changing Currents: Water Sustainability and the Future of Canada's Natural Resource Sectors*.

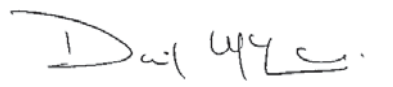
Aside from our published work, NRTEE members participated in a number of conferences and hosted several joint meetings with stakeholders. The Round Table also took a leading role in discussions on a clean-energy strategy for Canada, which included nine other public policy organizations.

Last year marked the beginning of the Round Table's third decade of providing the Government of Canada and Parliament with policy advice on achieving sustainable development. We look forward to continuing to do so.

Yours sincerely,



Robert Page, Ph.D.
Chair



David McLaughlin
President and Chief Executive Officer

NRTEE MEMBERS

(April 1, 2009 to March 31, 2010)

NRTEE Chair

Bob Page
Calgary, Alberta

Janet Benjamin
North Vancouver, British Columbia
(to December 8, 2009)

The Honourable Pauline Browes, P.C.
Toronto, Ontario

Elizabeth Brubaker
Toronto, Ontario

Angus Bruneau
St. John's, Newfoundland and Labrador

David Chernushenko
Ottawa, Ontario (to November 9, 2009)

Diane Cunningham
London, Ontario (from May 14, 2009)

Anthony Dale
Toronto, Ontario

Francine Dorion
St-Bruno-de-Montarville, Québec

Robert Dubé
Montréal, Québec (to October 12, 2009)

John Hachey
Lachine, Québec (from May 14, 2009)

Timothy Haig
Oakville, Ontario

Christopher Hilkené
Toronto, Ontario

Franklin Holtforster
Ottawa, Ontario (from November 9, 2009)

Mark Jaccard
Vancouver, British Columbia (to November 9, 2009)

Leah Lawrence
Calgary, Alberta (from May 14 to November 13, 2009)

Donald MacKinnon
Toronto, Ontario

Ken McKinnon
Whitehorse, Yukon

Robert Mills
Red Deer, Alberta (from October 1, 2009)

Richard Prokopanko
Vancouver, British Columbia

Wishart Robson
Calgary, Alberta

Robert Slater
Ottawa, Ontario

Robert Sopuck
Sandy Lake, Manitoba (to July 28, 2009)

NRTEE President and CEO

David McLaughlin

NRTEE SECRETARIAT **(as of March 31, 2010)**

President and CEO

David McLaughlin

Executive Assistant to the President and CEO

Julie St-Amour

Director, Policy and Research

René Drolet

Senior Policy Advisors

Jill Baker

Alex Long

Policy Advisors

Dale Beugin

Jimena Eyzaguirre

Suzanne Loney

Research Associates

Katherine Balpataky

Isabella Kavafian

Director, Communications & Public Affairs

Brian Laghi

Communications Advisor

Tony Bégin

Website Communications Officer

Edwin Smith

Communications Coordinator

Tania Tremblay

Communications Administrative Assistant

Richard Pilon

Corporate Secretary and Manager, Member Services

Sara Melamed

Director, Corporate Services

Jim McLachlan

Records and Information Management Specialist

Fosca Omara

IT Security, Systems and Network Analyst

Kevin Trudeau

Manager, Finance and Contracts

Duane Wilson

Finance Officer

Claude Simard

Finance Assistants

Linda Charbonneau

Bonnie Klein

Procurement and Contracting Administrator

Denise Johnston

Manager of Human Resources and Administrative Services

Hélène Sutton

Human Resources and Office Management Assistant

Kim Laforge

Administrative Assistants

Denise Edwards

Nadra Meigag

THE NATIONAL ROUND TABLE: ABOUT US

Emerging from the famous Brundtland Report, *Our Common Future*, the National Round Table on the Environment and the Economy (NRTEE) has become a model for convening diverse and competing interests around one table to create consensus ideas and viable suggestions for sustainable development.

The NRTEE focuses on sustaining Canada's prosperity without borrowing resources from future generations or compromising their ability to live securely.

The NRTEE is in the unique position of being an independent policy advisory agency that advises the federal government on sustainable development solutions. We raise awareness among Canadians and their governments about the challenges of sustainable development. We advocate for positive change. We strive to promote credible and impartial policy solutions that are in the best interest of all Canadians based on research, stakeholder engagement, and consideration by Round Table members.

We accomplish that mission by fostering sound, well-researched reports on priority issues and by offering advice to governments on how best to reconcile and integrate the often divergent challenges of economic prosperity and environmental conservation.

The NRTEE brings together a group of distinguished sustainability leaders active in businesses, universities, environmentalism, labour, public policy, and community life from across Canada. Our members are appointed by the federal government for a mandate of up to three years. They meet in a round table format that offers a safe haven for discussion and encourages the unfettered exchange of ideas leading to consensus. This is how we reconcile positions that have traditionally been at odds.

We also reach out to expert organizations, industries, and individuals to assist us in conducting our work on behalf of Canadians. These partners help spark our creativity, challenge our thinking, and generate the momentum needed for success.

The NRTEE Act underlines the independent nature of the Round Table and its work. The NRTEE reports, at this time, to the Government of Canada and Parliament through the Minister of the Environment.

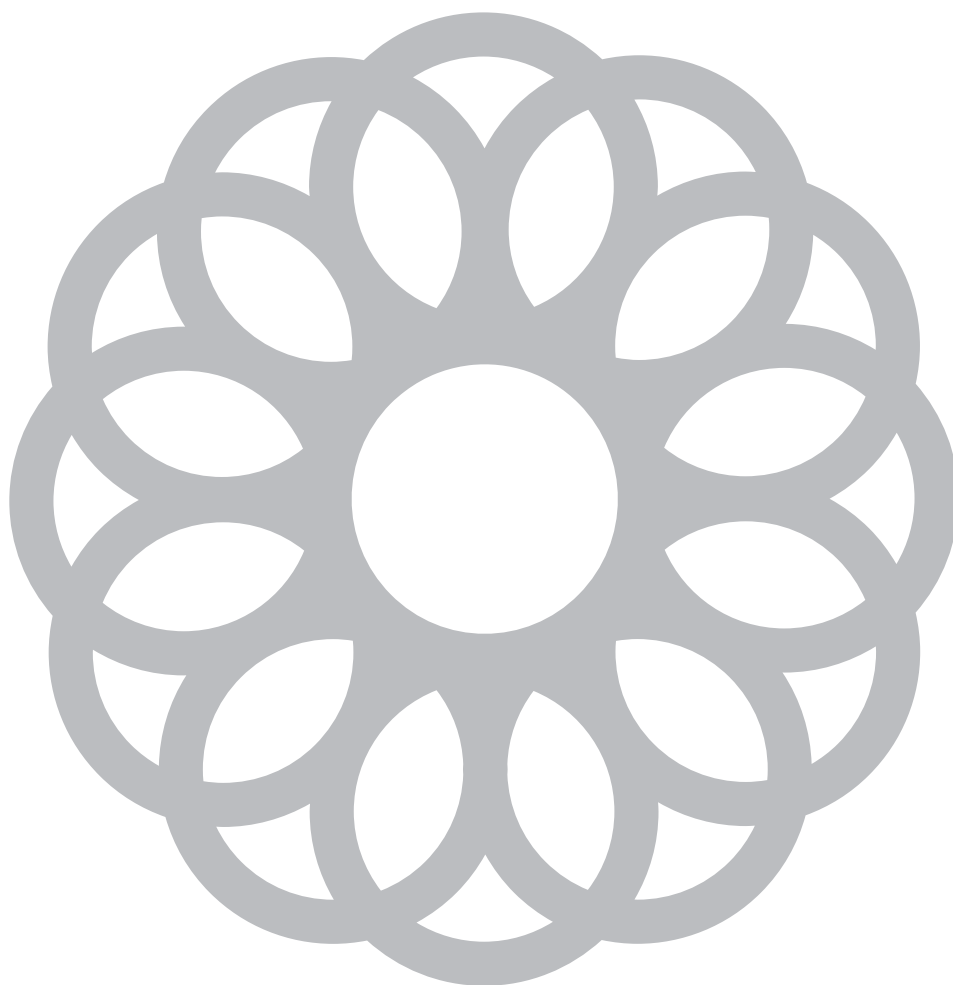
The NRTEE maintains a secretariat, which commissions and analyzes the research required by its members in their work. The secretariat furnishes research, administrative, promotional, and communications support for NRTEE activities and operations.

TABLE OF CONTENTS

1.0 / THE YEAR IN REVIEW	09
2.0 / A LOOK AHEAD	21
3.0 / MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS	25
4.0 / AUDITOR'S REPORT	27
5.0 / STATEMENT OF FINANCIAL POSITION	29
6.0 / STATEMENT OF OPERATIONS	31
7.0 / STATEMENT OF EQUITY OF CANADA	33
8.0 / STATEMENT OF CASH FLOW	35
9.0 / NOTES TO THE FINANCIAL STATEMENTS	37

1.0

/ THE YEAR IN REVIEW



THE YEAR IN REVIEW

POLICY AND RESEARCH PROGRAMS

The National Round Table on the Environment and the Economy strives to ensure its policy and research activities are directly relevant to Canada's national interest.

The Round Table offers an opportunity for our stakeholders to gather and share in the development of effective insights and understanding. Through its research and analysis the Round Table is a catalyst for innovative and effective public policy in sustainability. The NRTEE offers independent advice to governments on how best to address the challenges and seize the opportunities associated with creating a sustainable, 21st century economy for Canadians.

Over the 2009-2010 fiscal year, the NRTEE has focused its attention on a number of critical issues and research areas:

- Carbon pricing policy;
- The economic risks and opportunities of climate change;
- Adaptation of northern infrastructure to climate change;
- Water sustainability and Canada's natural resource sectors;
- Sustainable development governance; and,
- Review of the Government of Canada's implementation of the Kyoto Protocol.

We released several reports and one brochure related to our work in 2009-2010. We also held 25 consultation meetings across the country on various issues. These consultation sessions were held in order to ensure stakeholder engagement in various phases of our initiatives (program scoping, sharing of information, review of results and discussion of recommendations).

ACHIEVING 2050: A CARBON PRICING POLICY FOR CANADA

Published in April 2009, this report recommended a carbon pricing policy for Canada, designed to meet the government's 2020 and 2050 GHG emissions reductions targets. The report explores how best to establish a unified carbon pricing policy for Canada – in the form of an economy-wide cap-and-trade system – that would meet Canada's environmental goals at least economic cost. The report consisted of an advisory report and a technical background. The NRTEE's research included wide consultation with stakeholders, on-going input from an Expert Advisory Committee, a review of global experiences, and the creation of new economic modelling and analysis.

Following the release of the report, the NRTEE held a series of outreach

sessions in six Canadian cities — Vancouver, Calgary, Ottawa, Toronto, Montreal, and Halifax — during the spring and summer of 2009, to gauge regional views and gain insights on the potential impact of the proposed carbon pricing policy. A summary report, released in December 2009, highlights the key outcomes from the sessions, including areas of agreement and divergence as well as specific issues participants felt the federal government needed to be aware of when moving toward a unified national cap-and-trade system.

Participants across Canada strongly supported the recommendations of *Achieving 2050*, in particular:

- An economy-wide carbon pricing policy with the greatest breadth of coverage possible;
- *Achieving 2050*'s cap-and-trade implementation road map, which was seen as a logical, sequenced approach to implementing an adaptive policy that minimizes risks;
- Taking action now, rather than delaying;
- A move from the current fragmentation of carbon prices and policies across Canada to a unified, national approach;
- The report's recommendation to send a carbon price signal that is certain and credible now, while being able to adapt to changing circumstances over time;
- A cap-and-trade system that can eventually link with a U.S. system;
- The use of auction revenue first and foremost for technology deployment and innovation; and
- The report's recommendations concerning new governance institutions.

As well, participants from all sessions wanted the federal government to be aware of some issues of concern:

- Implementing a cap-and-trade system could put Canadian firms at a competitive disadvantage with U.S. firms, from proposed U.S. protectionist measures in draft climate legislation, carbon leakage, and greater auction of permits in Canada than in the U.S.
- The energy system could lack the necessary capacity to meet the demands of electrification as a result of carbon pricing.

Copies of the *Achieving 2050* advisory report, technical background, and outreach report, can be found at: <http://www.nrtee-trnee.ca/eng/publications/carbon-pricing/carbon-pricing-eng.php>



***Achieving 2050: A Carbon Pricing Policy for Canada - Outreach Report* was released in December 2009.**

CLIMATE PROSPERITY – THE ECONOMIC RISKS AND OPPORTUNITIES OF CLIMATE CHANGE FOR CANADA

Building on its previous work on climate change, the NRTEE launched its *Climate Prosperity* program in 2009-2010, focusing on the economic risks and opportunities for Canada related to climate change. A brochure providing details of the program was produced and distributed to a large number of stakeholders.

Climate Prosperity will develop strategic policy recommendations for governments to secure Canada's economic future in a changing climate over the course of seven distinct reports. It will offer new insights and ideas on how Canada can not only cope with climate change, but prosper through it. In 2009-2010, efforts were focused on program scoping, initial research, and stakeholder consultation, resulting in an integrated, comprehensive program approach based on two main policy research streams.

The first stream deals with the physical impacts of climate change. Climate change will bring risks to the economy, for example, from a rise in sea levels and from extreme events such as storms and floods. There will also be some economic benefits for Canada from climate change, at least in the short-term, such as reduced heating bills as winters become less cold. Currently, there is insufficient knowledge about what the physical impacts of a changing climate will mean for Canada's economy and regions, and the costs of adaptation.

The second research stream addresses the risks and opportunities that are created by a global transition to a low-carbon economy. As the world enacts policies to reduce emissions, new industries and technologies will emerge. This stream of work will explore how Canada can seize these opportunities and enhance its competitiveness.

Work has been undertaken on both streams. The NRTEE has launched an ambitious research agenda involving original economic modelling and analysis, as well as extensive consultations with key environmental, industry and expert stakeholders. Significant progress has been made in understanding the impacts of climate change for Canada under various scenarios of warming, the economic implications of climate change on four specific sectors (coastal zones, human health, public infrastructure and forests), the implications of uncertain U.S. climate policy for Canadian climate policy choices, and Canada's standing in low-carbon competitiveness compared to other G8 countries.

Knowing where we stand is a key component in determining where we must focus if Canada is to compete and win in this new reality. This is the purpose of the first report entitled *Measuring Up: Benchmarking Canada's Competitiveness in a Low-Carbon World*, released in May 2010. It assesses Canada's competitiveness against other G8 nations in areas such as



***Climate Prosperity: The Economic Risks and Opportunities of Climate Change for Canada* was released in April 2010.**



***Measuring Up: Benchmarking Canada's Competitiveness in a Low-Carbon World* was released in May 2010.**

emissions and energy, skills, investment, innovation and governance.

Copies of the report and the brochure, as well as more information on the *Climate Prosperity* program can be found at: <http://www.nrtee-trnee.ca/eng/issues/programs/climate-prosperity/climate-prosperity-eng.php>

TRUE NORTH: ADAPTING INFRASTRUCTURE TO CLIMATE CHANGE IN NORTHERN CANADA

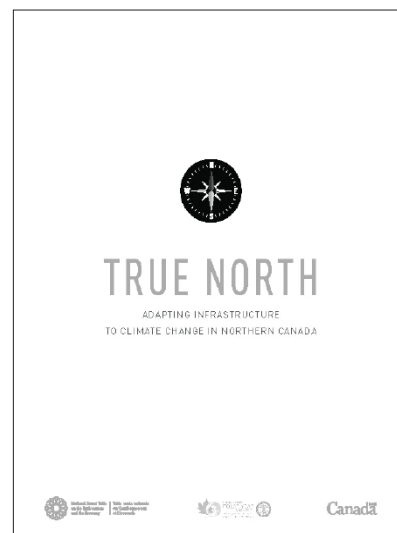
Canada's North is on the frontline of climate change. The speed and magnitude of change and the uneven and limited response capacity to address climate risk pose unique threats to this region. This is clearly apparent with infrastructure. Future challenges include engineering in cold climates and remote locations, a lack of back-ups in infrastructure systems and limited financial and human resources to assess risks and apply and enforce standards. Moreover, melting permafrost is undermining building foundations and threatens roads, pipelines, and communications infrastructure, while storm surges, wildfires, floods, blizzards and changing wind and snowstorm patterns all pose risks to remote and vulnerable communities.

Canada's North is likely to experience unprecedented pressure on infrastructure, given the effects of climate change as well as changing demographics and increased economic development. The program's purpose was to demonstrate how improvements in the use of existing risk-based mechanisms — codes and standards, insurance, and disaster management — can reduce the vulnerability of northern infrastructure, while also addressing climate risks into the future. Released in November 2009, *True North* was a product of over two years of intensive research and consultations with almost 100 stakeholders from the North and across Canada.

The report set out 16 recommendations to make community, energy, and transportation infrastructure more resilient and able to cope with expected climate change. The NRTEE's recommendations focus on four areas:

1. Integrating climate risks into existing government policies, processes, and mechanisms.
2. Ensuring northern interests are represented and implicated in the development of climate change solutions.
3. Strengthening the science capacity and information use in the North to support long-term adaptation efforts.
4. Building community capacity to address climate risks to northern infrastructure and take advantage of opportunities.

Copies of the report and information on the research process can be found at: <http://www.nrtee-trnee.ca/eng/publications/true-north/true-north-eng.php>



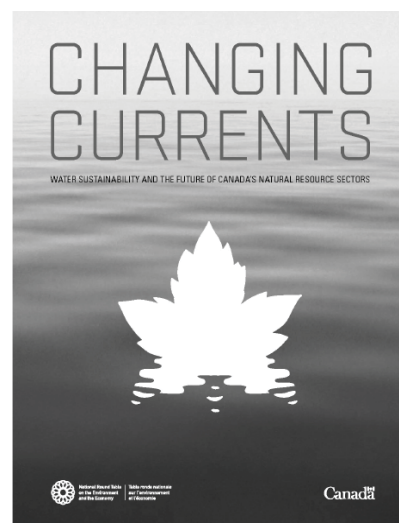
***True North: Adapting Infrastructure to Climate Change in Northern Canada* was released in November 2009.**

CHANGING CURRENTS: WATER SUSTAINABILITY AND THE FUTURE OF CANADA'S NATURAL RESOURCE SECTORS

The NRTEE program on Water Sustainability and Canada's Natural Resource Sectors is designed to examine the relationship between the energy, mining, forestry and agriculture sectors and water sustainability. The program raises the profile of water management within Canada, particularly with respect to the natural resource sectors. Its goal is to provide recommendations to governments, industry and water management authorities on policies, approaches and mechanisms through which water can be better managed to foster both ecosystem health and the natural resource sectors' economic sustainability.

In 2009-2010, the NRTEE completed the program's first phase, which focused on defining the most important water uses to the sectors and key issues relative to them. The program's sub-committee, comprised of members of the NRTEE, played a strategic guidance role for the program and was deeply involved throughout Phase I. This group is complemented by an Expert Advisory Committee (EAC), made up of leading Canadian water experts. The NRTEE's research was also supplemented by a number of roundtable meetings held in conjunction with industry associations. These meetings helped to verify the in-house findings of the NRTEE and enhanced the understanding of the key issues from the perspective of the industry stakeholders. This work resulted in the publication of *Changing Currents: Water Sustainability and the Future of Canada's Natural Resource Sectors*, released in June 2010, in conjunction with the inaugural Canadian Water Summit in Mississauga, Ontario.

Information on Water Sustainability and Canada's Natural Resource Sectors can be found at: <http://www.nrtee-trnee.com/eng/issues/programs/water/water.php>



Changing Currents: Water Sustainability and the Future of Canada's Natural Resource Sectors was released in June 2010.

SUSTAINABLE DEVELOPMENT GOVERNANCE

More than 20 years ago, Canadians embraced the emerging concept of sustainable development in response to the landmark Brundtland Report. Meeting the needs of present generations without compromising those of generations to come is at the heart of bringing environmental and economic interests together to create truly sustainable development solutions. But this has been easier said than done. Adversarial positions and entrenched interests have replaced dialogue and debate aimed at forging common solutions in recognition of a common future. Governments are often caught in the middle, forced to arbitrate between competing interests and positions in an attempt to navigate a way forward when they need to innovate with more open ways of bringing people together.

Today, complex, long-term issues such as climate change, water management, clean energy and more require new collaborative engagement

processes if we are to truly make progress. That's why the NRTEE and the Public Policy Forum collaborated in 2009-2010 to examine how we could reinvigorate our governance processes to make real progress on sustainable development.

Over the course of two round table discussions and one-on-one interviews with 20 of Canada's leading experts and practitioners in the field of sustainable development and governance, the NRTEE developed the content towards production of a report entitled *Progress Through Process: Achieving Sustainable Development Together*. The report set out eight key "Elements of Successful Collaborative Governance for Sustainable Development":

1. Focus on Clear Outcomes
2. Find the Right Convenor
3. Bring the Right People Together
4. Ensure Real Commitment
5. Create Clear Rules and Scope
6. Foster Shared Ownership and Accountability
7. Build Legitimacy
8. Establish Ongoing Dialogue

Copies of the report can be found at: <http://www.nrtee-trnee.ca/eng/publications/progress-through-process/sustainability-project-report-eng.php>

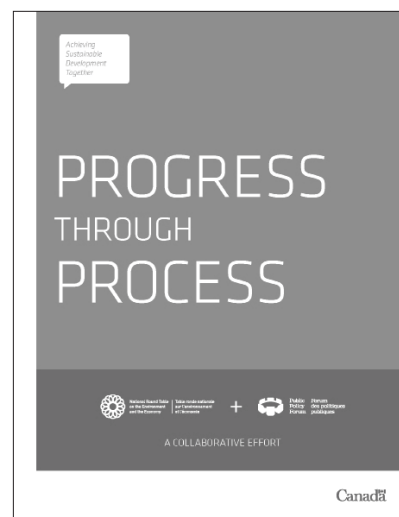
KYOTO PROTOCOL IMPLEMENTATION ACT

The *Kyoto Protocol Implementation Act* (KPIA) was passed by Parliament in June 2007 and calls on Canada to meet its international commitment under the Kyoto Protocol by reducing greenhouse gas emissions to 6 per cent below 1990 levels by 2012.

Every year, the government must prepare a Climate Change Plan describing the measures and policies it enacted to ensure that Canada meets its obligations under the Protocol. This plan must also detail the expected emission reductions resulting from the government's measures and policies.

Subsection 10(1) of C-288 requires the NRTEE to:

- a) Undertake research and gather information and analyses on the Plan or statement in the context of sustainable development; and
- b) Advise the Minister on issues that are within its purpose, including the following:
 - i) The likelihood that each of the proposed measures or regulations will achieve the emission reductions projected in the Plan or statement;
 - ii) The likelihood that the proposed measures or regulations will enable Canada to meet its obligations under Article 3, paragraph 1, of the Kyoto Protocol, and
 - iii) Any other matters that the Round Table considers relevant.



***Progress Through Process: Achieving Sustainable Development Together* was released in February 2010.**

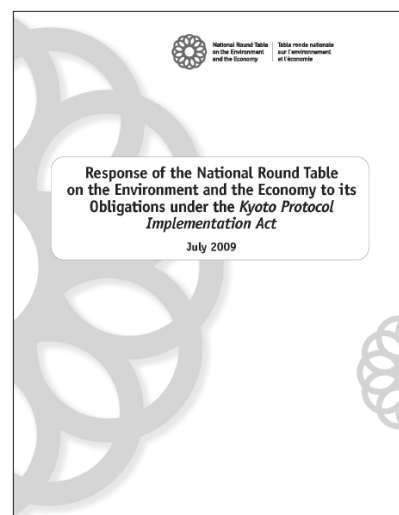
The NRTEE undertook the required analysis to comply with our obligations under KPIA and our findings were provided in a report to the Minister of the Environment in July 2009. The NRTEE offered the following conclusions in its report:

- Emissions reductions attributed in the Plan to specific policies and programs are likely overestimated due to methodological issues. This is most apparent for the accounting of emissions reductions for the Technology Fund and the Climate Change Trust Fund, as well as the persistence of free-ridership, rebound, and additionality issues in some of the individual measures.
- There are deficiencies in relying exclusively on the KPIA annual assessment approach – with its short-term focus and unclear definition of emissions reductions – as the formal accountability mechanism and process for forecasting and tracking emission reductions in Canada. Transparent forecasting and evaluation processes are important for ensuring Canada is on a path to achieving long-term reductions. Comparing forecasts of the impacts of policies to the emissions reductions that eventually result from these policies can allow for improving of both forecasting methods and policy over time.
- A transparent longer-term (post 2012) process of forecasting and accounting for GHG emissions reductions could address these issues.

The 2009 NRTEE KPIA Response also recommended:

- That for future KPIA Plans, the government forecast estimates of future reductions in terms of projected changes in Environment Canada's GHG Emissions Inventory;
- That future KPIA Plans reflect both emissions forecasts and actual emissions data from the inventory, and further, that consideration be given to developing and implementing an ongoing public presentation of this information beyond the KPIA period;
- That future KPIA Plans apply consistent methodologies between the integrated modelling and forecasts for specific policies and programs and provide a more detailed and transparent explanation of differences between two sets of forecasts.
- That the uncertainty analysis provided in the 2009 Plan be deepened by providing additional information on the assumptions behind the various forecasts.

Copies of the report can be found at: <http://www.nrtee-trnee.ca/eng/publications/KPIA-2009/Index-KPIA-NRTEE-Response-2009-eng.php>



The Response of the National Round Table on the Environment and the Economy to its Obligations under the Kyoto Protocol Implementation Act was released in July 2009.

NRTEE CONVENING ROLE

In order to deliver sound recommendations and policy advice to governments, the NRTEE relies on two main strengths: The high quality of its research and its strong and unique convening power. The NRTEE's credibility makes it a natural and effective convener for matters related to sustainable development.

In 2009-2010, the NRTEE used its convening ability on a regular basis, generating lively and productive roundtable discussions on a broad range of interests across sectors and regions of Canada. NRTEE staff and Members are regularly asked to meet with or present to various government officials, industry groups, and other stakeholders. The NRTEE exercises its convening power through consultation sessions, scoping exercises, outreach on published materials, and a number of other events that include a speaking or facilitating role.

The NRTEE was more engaged in such external activities than ever before in 2009-2010, either by hosting or participating in over 60 stakeholder sessions and speaking engagements in Canada and abroad. Most of these events were organized as part of the NRTEE's main research programs. On a few occasions, the NRTEE convened stakeholders to roundtable discussions on other related topics. For example, we convened, in October 2009, a group of government, industry and non-government stakeholders to a roundtable discussion with the Head of the U.K. Carbon Trust. In April 2009, the NRTEE hosted a meeting of industry, NGO and academic stakeholders to learn about Australia's experiences in designing and implementing a cap-and-trade system. Blair Comley, Deputy Secretary of Australia's Climate Change and Energy Efficiency Department, provided a presentation and responded to questions. The NRTEE also brought together stakeholders to a discussion on the Canada-Iraq Marshlands Initiative (CIMI), a project funded by the Canadian International Development Agency (CIDA). CIMI is an initiative of the University of Victoria, the Fraser River Basin Council and the University of Waterloo, whose members have been working with Iraqis on the restoration of the Marshlands since 2005.

CORPORATE MANAGEMENT INITIATIVES

Greening the NRTEE

The NRTEE is committed to operating in an environmentally responsible way by reducing its carbon footprint and greening its operations. In January 2010, the NRTEE adopted a new Environmental Code of Practice and formalized a comprehensive set of policies and practices to guide its greening activities. A new tagline, *Think Green; Act Green*, created and selected by NRTEE employees, captured the spirit of the initiative.



A new tagline, *Think Green; Act Green*, created and selected by NRTEE employees, captured the spirit of the initiative.

The NRTEE Secretariat has committed itself to conduct an annual inventory of GHG emissions from NRTEE operations and to calculate its carbon footprint according to recognized standards and methods. The information generated by the annual GHG inventory highlights opportunities for the NRTEE to reduce or avoid energy use in its operations. From Jan. 1st to Dec. 31st 2009, the NRTEE's carbon footprint totalled 176 metric tonnes CO₂e (carbon dioxide equivalents), most of which was generated by business travel.

For details on the NRTEE Greening Initiative, please visit: <http://www.nrtee-trnee.ca/eng/about-us/greening-the-nrtee/greening-the-nrtee-eng.php>

COMMUNICATIONS AND PUBLICATIONS

The 2009-2010 year saw the Communications Unit of the NRTEE support the production of a number of significant reports and the development of new and updated tools to stay in touch with Canadians, stakeholders and the media. During this time, website visits more than doubled to 443,050.

The NRTEE's outreach continues to be marked by an evolution to electronic publishing, with two reports, *Progress Through Process* and the third volume of the *Achieving 2050* series being released exclusively in electronic form. We have also reduced the number of printed copies we produce, in most cases from thousands to hundreds. In a continued effort to capitalize on the efficiency of new technology, we have increased dissemination of reports through e-mails and, occasionally, through the use of flash-drive technology. This approach saves the NRTEE financial resources, reduces the Round Table's environmental footprint, and expands outreach.

The efforts to highlight electronic publications coincided with a substantial number of downloads of our products from the Round Table website. For example, *Achieving 2050: A Carbon Pricing Policy for Canada*, was downloaded 26,879 times by the end of the fiscal year, its companion Technical Report was downloaded 18,007 times, while the downloads of *True North: Adapting Infrastructure to Climate Change in Northern Canada* numbered 22,821.

Aside from our traditional communications with stakeholder organizations, the NRTEE has made efforts to increase collaboration with related agencies, government departments, non-governmental organizations and other groups interested in sustainable development.

Our main communications tool, the NRTEE website, continued to evolve over the year – both technologically and with respect to content. Visitors to the site can now take advantage of a larger menu of interactive offerings which allow our reports to be more-easily navigated and digested. The website also includes highlights of the NRTEE at work, with photographs and summaries of various meetings where our policy analysts gather information

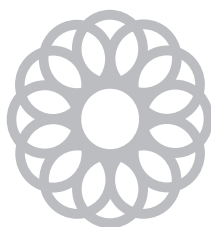
for our reports. The innovations have led to significant increased website traffic.

REPORT DOWNLOAD STATISTICS

REPORTS	Downloads to July 13, 2010	Downloads for FY* 2009-2010
<i>Achieving 2050: A Carbon Pricing Policy for Canada - Advisory Report</i>	28,689	26,879
<i>Achieving 2050: A Carbon Pricing Policy for Canada - Technical Report</i>	19,926	18,007
<i>Achieving 2050: A Carbon Pricing Policy for Canada - Outreach Report</i>	2,166	1,507
<i>True North: Adapting Infrastructure to Climate Change in Northern Canada</i>	27,878	22,821
<i>Progress Through Process: Achieving Sustainable Development Together</i>	1,050	561
<i>NRTEE Response to its obligation under the Kyoto Protocol Implementation Act</i>	3,574	2,577
<i>Measuring Up: Benchmarking Canada's Competitiveness in a Low-Carbon World</i>	7,766	Not released in FY 2009-2010
<i>Changing Currents: Water Sustainability and the Future of Canada's Natural Resource Sectors</i>	19,665	Not released in FY 2009-2010

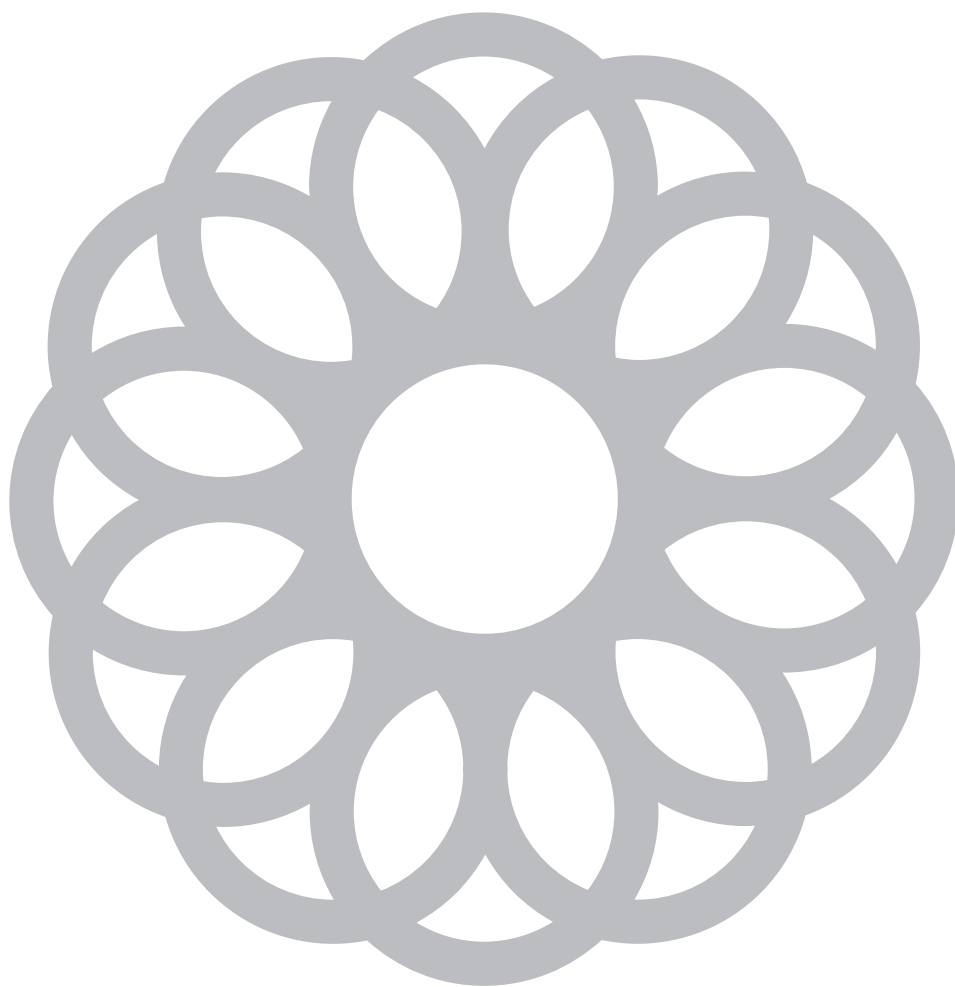
* FY (Fiscal Year)

Finally, the NRTEE also achieved a noteworthy presence in the media during the year. Round Table members made a number of appearances in traditional print and broadcast forums. *True North* and the first volume of our *Climate Prosperity* series both received significant attention, and our work has begun to appear on the blogs and electronic communications of various stakeholder groups, journalists and others who utilize the social media. The NRTEE also produced "thought pieces" and explained its research in publications such as *The Hill Times* and *Policy Options* magazine.



2.0

/ A LOOK AHEAD



A LOOK AHEAD

WATER SUSTAINABILITY AND CANADA'S NATURAL RESOURCE SECTORS

The Water Sustainability and Canada's Natural Resource Sectors Program has an ambitious set of goals for Phase II, which runs from April 2010 to March 2011. During this period, the NRTEE will conduct research into water governance and management, specifically looking at water allocation, policy instruments, data and information management and collaborative governance. The research will be complemented by a number of meetings with stakeholders and experts. This will lead to a second report, to be released in spring/summer 2011, which will provide options, solutions and recommendations for improving water governance in the country.

CLIMATE PROSPERITY – THE ECONOMIC RISKS AND OPPORTUNITIES OF CLIMATE CHANGE FOR CANADA

Climate change and Canada's response to it have profound economic implications for our nation's future. Ensuring Canada is well-prepared to adapt and prosper in an increasingly carbon constrained global economy is the focus of this comprehensive policy research initiative by the NRTEE, which began in 2009-2010 and which will continue to be a priority of the NRTEE over the next two years. The timeline below illustrates the NRTEE publishing plan in the coming years.

CLIMATE PROSPERITY TIMELINE



National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l'environnement
et l'économie



A CANADIAN INITIATIVE

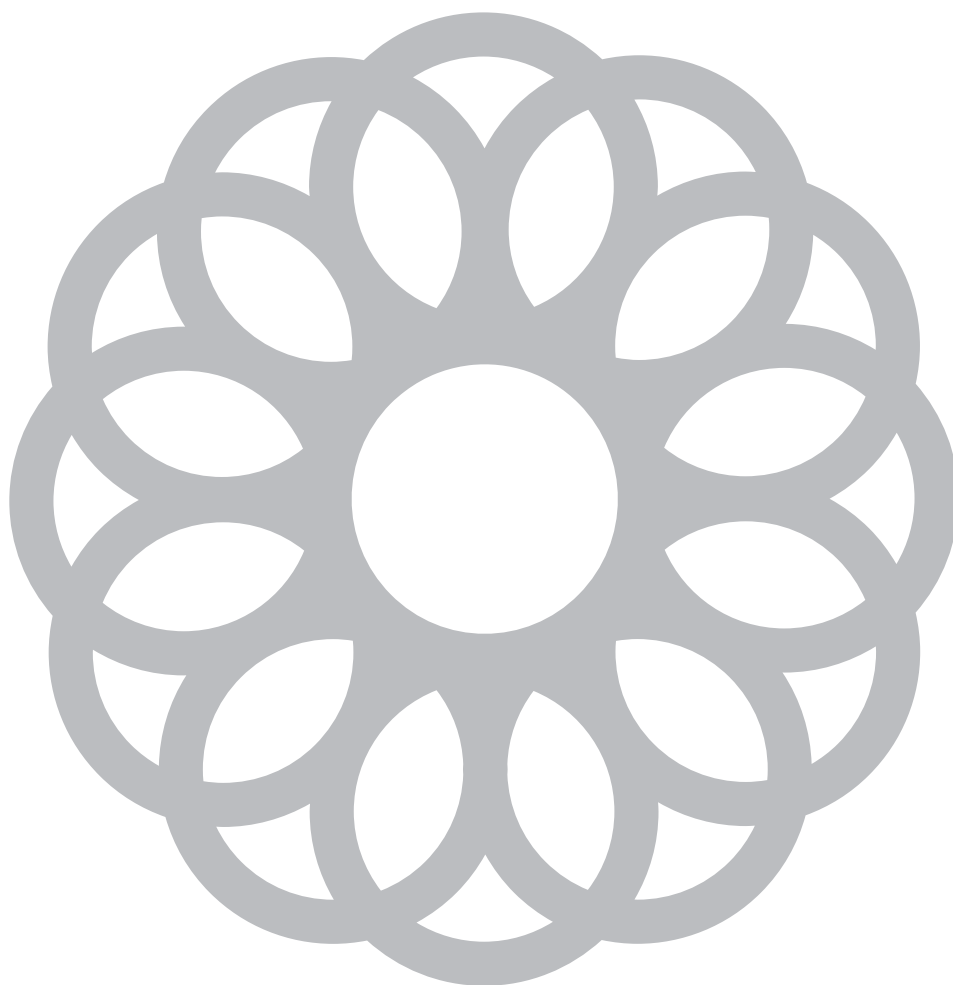
In 2010-2011, our analysis of Canada-U.S. climate policy risks and opportunities will be finalized. We are also planning to complete work on both the Physical Impacts of Climate Change in Canada and the Net National Costs of Climate Change. We expect to release those three reports over the course of the year. The NRTEE will also collaborate with the Royal Canadian Geographical Society towards its October 2010 issue of the Canadian Geographic magazine – and its French-language companion *Géographica* - fully dedicated to the NRTEE's *Climate Prosperity* program.

Finally, building on the first few reports of *Climate Prosperity*, the NRTEE will initiate, in 2010-2011, the work towards the development of a range of policy pathways and actions to help Canada take advantage of its potential to adapt to a changing climate, as well as those necessary for Canada to thrive in a global low-carbon economy. This work will lead to the release of two policy reports in 2011-2012.



3.0

/ MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS



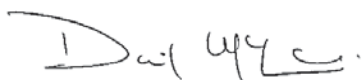
MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS for the year ended March 31, 2010

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010 and all information contained in this report rests with the NRTEE management. These financial statements have been prepared by management in accordance with accounting policies issued by the *Treasury Board of Canada Secretariat* which are consistent with Canadian generally accepted accounting principles for the public sector, and year-end instructions issued by the *Office of the Comptroller*.

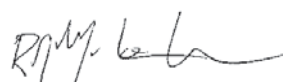
Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the NRTEE's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the NRTEE's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the NRTEE.

The financial statements of the NRTEE have been audited by the *Auditor General of Canada*, the independent auditor for the Government of Canada.



David McLaughlin
President and Chief Executive Officer

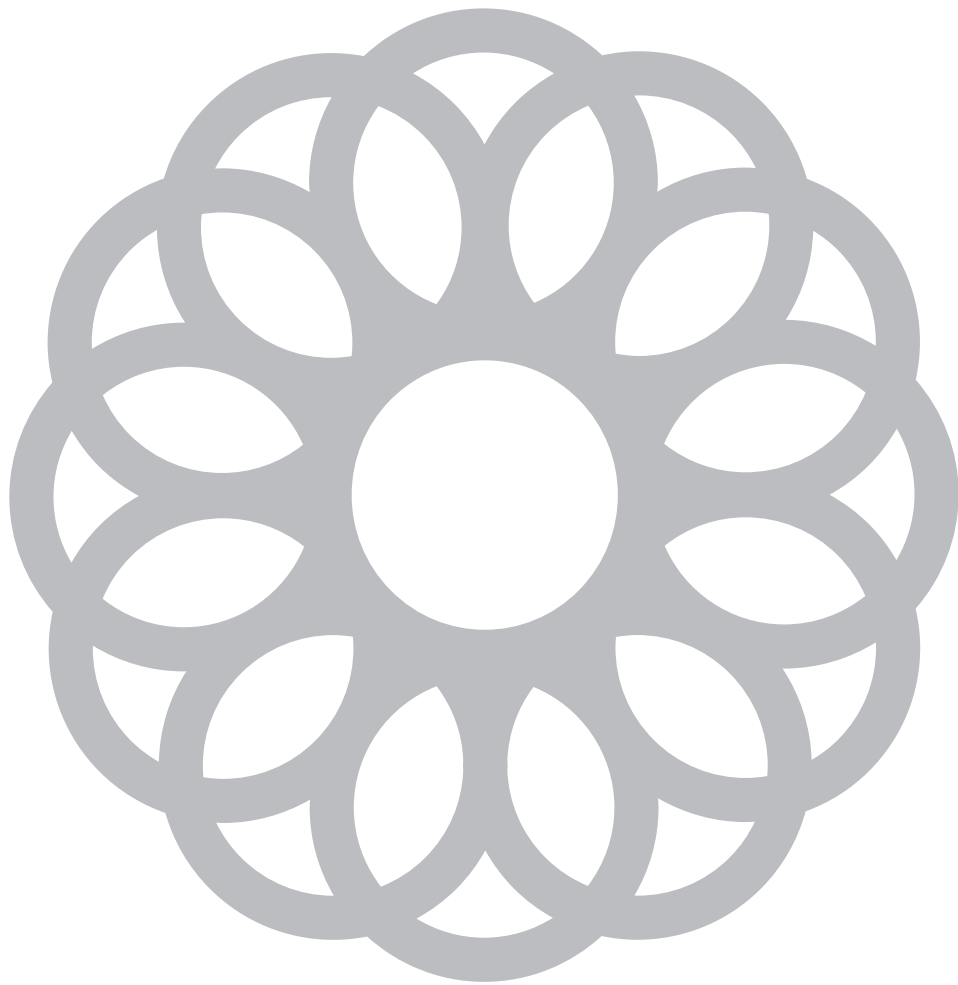


Jim McLachlan
Director, Corporate Services and
Chief Financial Officer

Ottawa, Canada
June 30, 2010

4.0

/ AUDITOR'S REPORT



AUDITOR'S REPORT



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of the Environment
and the National Round Table on the Environment and the Economy

I have audited the statement of financial position of the National Round Table on the Environment and the Economy as at March 31, 2010 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Round Table's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

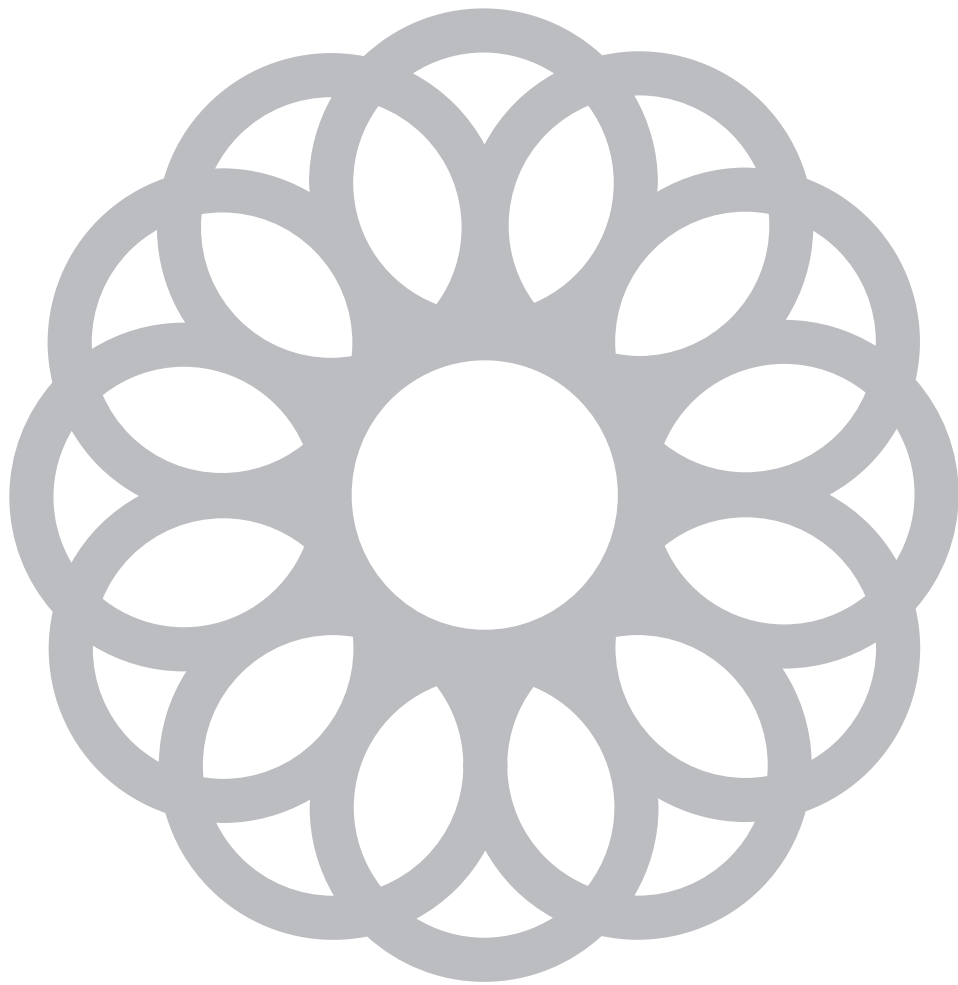
In my opinion, these financial statements present fairly, in all material respects, the financial position of the Round Table as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

John Rossetti, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 30, 2010

5.0

/ STATEMENT OF FINANCIAL POSITION



STATEMENT OF FINANCIAL POSITION

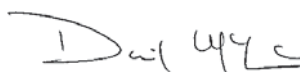
as at March 31

	2010 (\$)	2009 (\$)
ASSETS		
Financial Assets		
Due from Consolidated Revenue Fund	472,674	431,901
Receivables (Note 4)	17,611	58,447
	490,285	490,348
Non-Financial Assets		
Prepaid expenses	7,222	16,415
Tangible capital assets (Note 5)	219,748	201,967
	226,970	218,382
TOTAL ASSETS	717,255	708,730
LIABILITIES AND EQUITY OF CANADA		
Accounts payable and accrued liabilities (Note 6)	613,070	589,662
Employee future benefits (Note 7)	516,474	532,206
	1,129,544	1,121,868
EQUITY OF CANADA		
	(412,289)	(413,138)
TOTAL LIABILITIES AND EQUITY OF CANADA	717,255	708,730

Contractual obligations (Note 8)

The accompanying notes form an integral part of these financial statements.

Approved by:



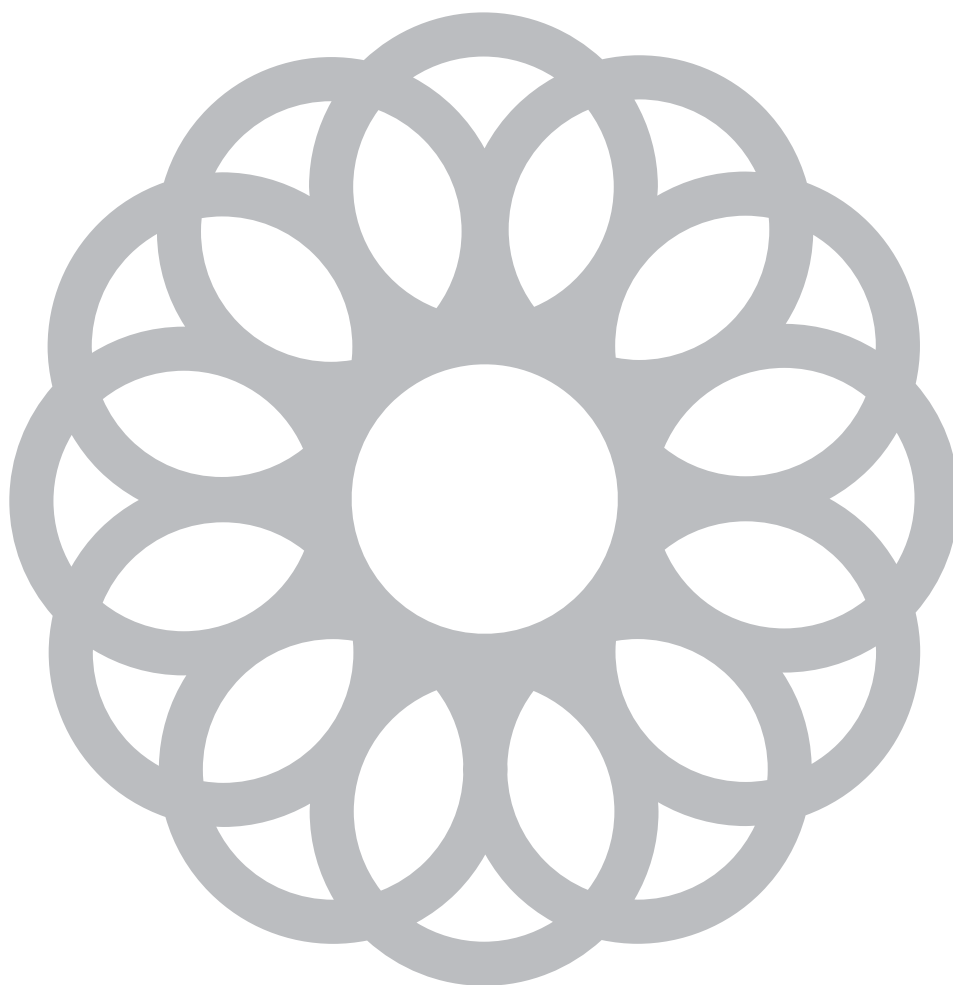
David McLaughlin
President and Chief Executive Officer



Jim McLachlan
Director, Corporate Services and
Chief Financial Officer

6.0

/ STATEMENT OF OPERATIONS



STATEMENT OF OPERATIONS

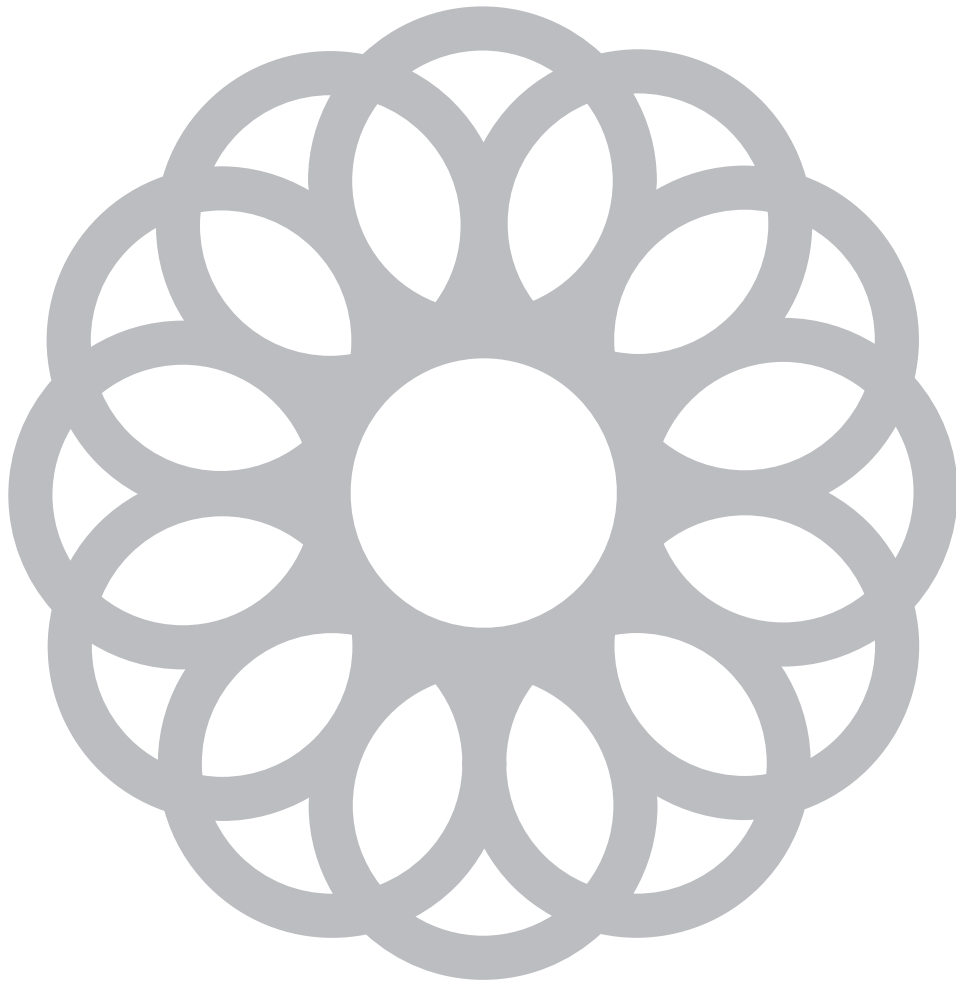
for the year ended March 31

	2010 (\$)	2009 (\$)
EXPENSES		
Operating		
Salaries and employee benefits	2,998,721	3,000,872
Professional and special services	1,095,718	1,372,643
Rentals	402,312	435,605
Travel	145,661	165,169
Publications	115,756	157,956
Communication	88,179	96,718
Furniture and equipment	88,145	81,021
Repairs and maintenance	83,786	47,255
Amortization of tangible capital assets	71,993	66,631
Utilities, materials and supplies	37,202	35,771
	5,127,473	5,459,641
Executive Committee		
Travel and living expenses	970	629
Honoraria	4,529	4,866
	5,499	5,495
Other Committees		
Travel and living expenses	81,115	100,751
Honoraria	132,744	133,868
	213,859	234,619
TOTAL EXPENSES	5,346,831	5,699,755
REVENUES		
Donations (Note 10)	-	105,000
Miscellaneous	34,690	885
TOTAL REVENUES	34,690	105,885
NET COSTS OF OPERATIONS	5,312,141	5,593,870

The accompanying notes form an integral part of these financial statements.

7.0

/ STATEMENT OF EQUITY OF
CANADA



STATEMENT OF EQUITY OF CANADA

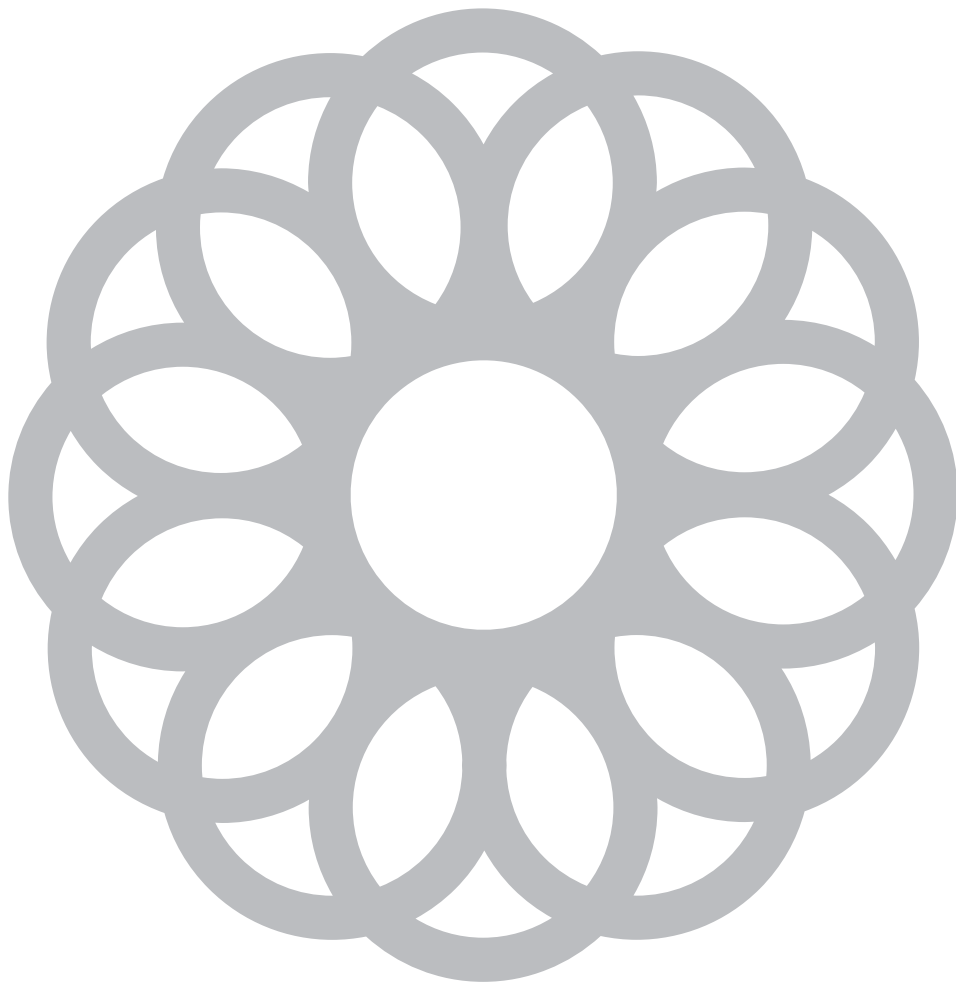
for the year ended March 31

	2010 (\$)	2009 (\$)
Equity of Canada, beginning of year	(413,138)	(313,404)
Net Cost of Operations	(5,312,141)	(5,593,870)
Services provided without charge (Note 3)	433,976	433,976
Net change in due from Consolidated Revenue Fund	40,773	(101,471)
Net Cash Provided by Government (Note 9)	4,838,240	5,161,630
EQUITY OF CANADA, END OF YEAR	(412,289)	(413,138)

The accompanying notes form an integral part of these financial statements.

8.0

/ STATEMENT OF CASH FLOW



STATEMENT OF CASH FLOW

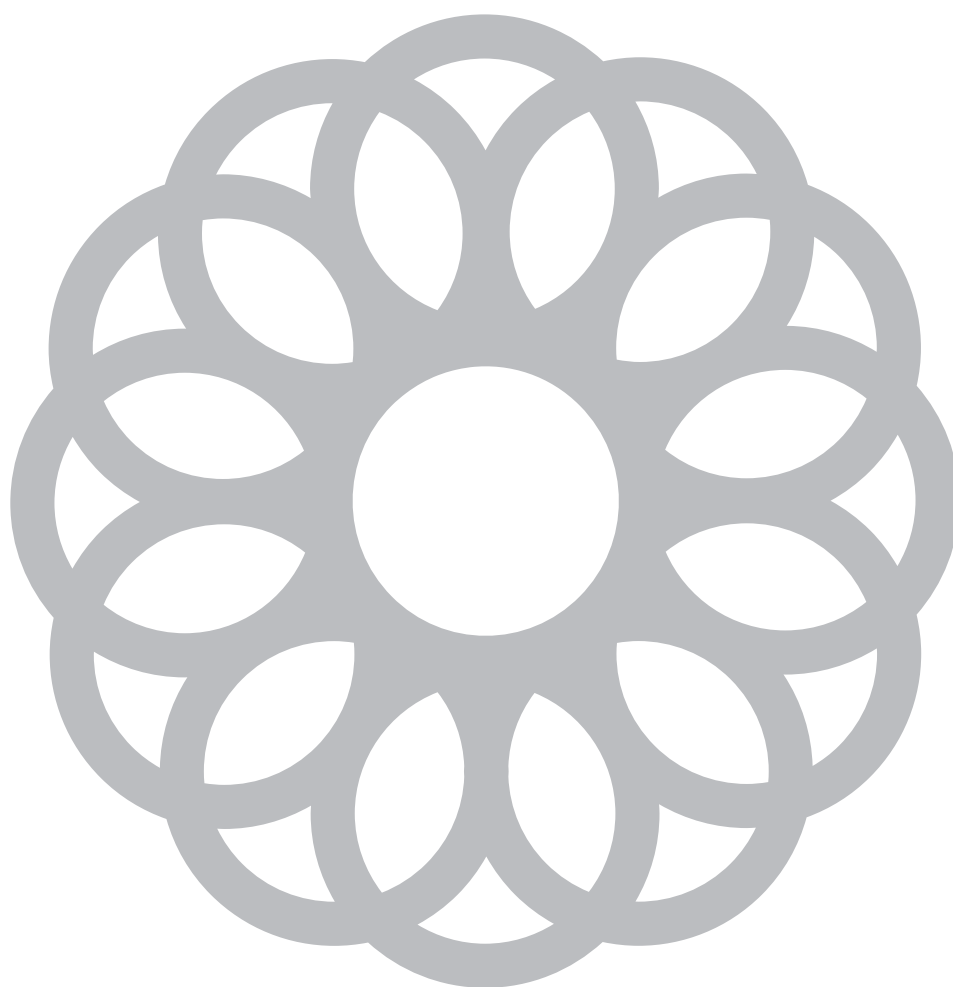
for the year ended March 31

	2010 (\$)	2009 (\$)
OPERATING ACTIVITIES		
Net Cost of Operations	5,312,141	5,593,870
Non-cash items included in cost of operations:		
Less: Amortization of tangible capital assets	(71,993)	(66,631)
Services provided without charge	(433,976)	(433,976)
Statement of Financial Position adjustments:		
Decrease in receivables	(40,836)	(36,439)
Decrease in prepaid expenses	(9,193)	(16,199)
Decrease (increase) in accounts payable and accrued liabilities	(23,408)	115,483
Decrease (increase) in employee future benefits	15,732	(104,475)
Cash used by operating activities	4,748,467	5,051,632
CAPITAL INVESTMENT ACTIVITIES		
Acquisition of tangible capital assets	89,774	109,998
Cash used by capital investment activities	89,774	109,998
NET CASH PROVIDED BY GOVERNMENT OF CANADA	4,838,240	5,161,630

The accompanying notes form an integral part of these financial statements.

9.0

/ NOTES TO THE FINANCIAL
STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2010

1. AUTHORITY AND OBJECTIVES

The National Round Table on the Environment and the Economy (NRTEE) was established in 1994 under the *National Round Table on the Environment and the Economy Act* and is a departmental corporation named in Schedule II of the *Financial Administration Act*. The NRTEE fulfils its objective of promoting sustainable development, and the integration of the environment and economy in decision making in all sectors, by conducting studies, organizing stakeholder “dialogues” on specific issues and economic sectors, providing advice, carrying out educational and communication activities, and by acting as a catalyst for change. Its operating expenses are funded mainly by a budgetary lapsing authority and, to a lesser extent, from cost recovery and cost sharing for specific activities. The NRTEE is not subject to the provisions of the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Treasury Board Secretariat accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, and year-end instructions issued by the Office of the Comptroller General. Significant accounting policies are as follow:

a) Parliamentary Appropriations

The NRTEE is financed mainly by the Government of Canada through Parliamentary appropriations. Appropriations provided to the NRTEE do not parallel financial reporting according to Canadian generally accepted accounting policies for the public sector, as they are based in a large part on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 9 provides a high-level reconciliation between the two basis of reporting.

b) Due from Consolidated Revenue Fund

The NRTEE operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the NRTEE is deposited to the CRF and all cash disbursements made by the NRTEE are paid from the CRF. Due from the CRF represents the amount of cash that the NRTEE is entitled to draw from the Consolidated Revenue Fund, without further Parliamentary appropriations, in order to discharge its liabilities.

c) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that give rise to the revenues. Revenues that have been received but not yet earned are presented as deferred revenues. Funds received from external parties for specified purposes are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related expenses are incurred.

d) Expenses

Expenses are recorded on the accrual basis:

Employees severance benefits are accrued as earned and are calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole. Employee severance benefits on cessation of employment represent obligations of the NRTEE that are normally funded through future year appropriations.

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

Contributions to the Public Service Pension Plan are charged to expenses in the year incurred and represent the total NRTEE obligation to the Plan. Current legislation does not require the NRTEE to make contributions for any actuarial deficiencies of the Public Service Pension Plan.

Services provided without charge by other government departments are recorded as expenses at their estimated costs. A corresponding amount is credited directly to the Equity of Canada

e) Receivables

Receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

f) Contingent Liabilities

In the normal course of its operations, the NRTEE may become involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

g) Tangible Capital Assets

Tangible capital assets with an acquisition cost of \$2,000 or more are capitalized at cost and amortized over their estimated useful lives on a straight-line basis. The estimated useful life of each tangible capital asset class is as follows:

ASSET CLASS	USEFUL LIFE
Leasehold Improvements	lower of remaining term and 10 years
Informatics Equipment and Purchased Software	3 years
Furniture and Equipment	10 years

h) Measurement Uncertainty

The preparation of these financial statements in accordance with Treasury Board of Canada Secretariat accounting policies, which are consistent with Canadian generally accepted accounting policies for the public sector and year-end instructions issued by the Office of the Comptroller General, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

The most significant items where estimates are used are the useful life of tangible capital assets and assumptions underlying the employee severance liabilities. Actual results could differ significantly from those estimates. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. RELATED PARTY TRANSACTIONS

The NRTEE is related in terms of common ownership to all Government of Canada entities. The NRTEE enters into transactions with these entities in the normal course of business and on normal trade terms, with the exception of services provided without charge.

The NRTEE incurred expenses with related parties of \$1,205,312 (2009 - \$1,190,572). From this amount, \$433,976 (2009 - \$433,976) represent services provided without charge which includes \$370,976 (2009 - \$370,976) for the rental of space.

4. RECEIVABLES

	2010 (\$)	2009 (\$)
Other Government Departments	14,064	30,388
External Parties	2,547	27,059
Employee Advances	1,000	1,000
Total Receivables	17,611	58,447

5. TANGIBLE CAPITAL ASSETS

	Cost as at March 31, 2009	Acquisitions	Dispositions	Cost as at March 31, 2010
Leasehold Improvements	\$153,424	\$44,919		\$198,343
Informatics Equipments and Purchased Software	\$205,448	\$44,855		\$250,303
Furniture and Equipment	\$172,491			\$172,491
	\$531,363	\$89,774		\$621,137

	Current Year Amortization	Accumulated Amortization	Net Book Value at March 31, 2010	Net Book Value at March 31, 2009
Leasehold Improvements	\$23,945	\$76,198	\$122,145	\$101,173
Informatics Equipments and Purchased Software	\$39,846	\$175,974	\$74,329	\$69,319
Furniture and Equipment	\$8,202	\$149,217	\$23,274	\$31,475
	\$71,993	\$401,389	\$219,748	\$201,967

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010 (\$)	2009 (\$)
Trade	559,329	572,996
Other Government Departments	53,741	16,666
Total Accounts Payable and Accrued Liabilities	613,070	589,662

7. EMPLOYEE FUTURE BENEFITS

i) Severance Benefit

The NRTEE calculates its estimate for the liability for employee severance benefit by using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole. The employee severance benefit liability, including the current portion, is determined to be \$516,474 (2009 - \$532,206). The amount expensed to salary and benefits in the period was \$(15,731) (2009 - \$210,759), including the amount paid of \$0 (2009 - \$106,284).

ii) Pension Benefits

The NRTEE's and employees contribution to the Public Service Pension Plan for the year were as follows:

	2010 (\$)	2009 (\$)
NRTEE 's contributions	294,403	257,023
Employees contributions	173,820	129,420

8. CONTRACTUAL OBLIGATIONS

The nature of the NRTEE activities can result in some large multi-year contracts and obligation whereby the NRTEE will be obligated to make future payments when the services are rendered. Significant contractual obligations that can be reasonably established are summarized as follow:

	2011	2012	2013	2014 & thereafter	TOTAL
Operating lease	\$18,233	\$8,351	\$964	-	\$27,548

9. PARLIAMENTARY APPROPRIATIONS

The NRTEE receives the majority of its funding through Parliamentary appropriations, which are based primarily on cash flow requirements. Items recognized in the Statement of Operations and Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior and future years. Accordingly, the NRTEE has different net results of operations for the year on a government funding basis than on an accrual basis of accounting. These differences are reconciled below.

a) Reconciliation of net cost of operations to current year appropriations used:

	2010 (\$)	2009 (\$)
Net cost of operations	5,312,141	5,593,870
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Amortization of tangible capital assets	(71,993)	(66,631)
Services provided without charge	(433,976)	(433,976)
Other revenues	34,690	105,885
	(471,280)	(394,722)
Changes in accounts affecting net cost of operations but not affecting appropriations:		
Decrease (increase) in employee future benefits	15,732	(104,475)
	15,732	(104,475)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets	89,774	109,998
Decrease in prepaid expenses	(9,193)	(16,199)
	80,581	93,799
Current year appropriations used	4,937,174	5,188,471

b) Appropriations provided and used:

	2010 (\$)	2009 (\$)
Parliamentary appropriation – voted:		
Vote 20 – Program expenditures	5,043,075	5,167,183
Statutory appropriation:		
Contributions to employee benefit plans	407,761	411,000
	5,450,836	5,578,183
Less: Lapsed appropriations – operations	(513,662)	(389,712)
Total appropriations used	4,937,174	5,188,471

c) Reconciliation of net cash provided by government to current year appropriations used:

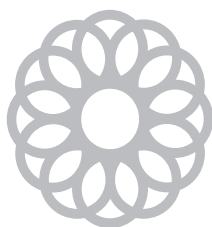
	2010 (\$)	2009 (\$)
Net cash provided by government	4,838,240	5,161,630
Adjustments for items affecting net cash provided by government but not affecting appropriations:		
Other revenues	34,690	105,885
	34,690	105,885
Adjustments for items not affecting net cash provided by government but affecting appropriations:		
Variation in receivables	40,836	36,439
Variation in accounts payable and accrued liabilities	23,408	(115,483)
	64,244	(79,044)
Current year appropriations used	4,937,174	5,188,471

10. DONATIONS

No donations were received in 2010 (2009 - \$105,000).

11. COMPARATIVE FIGURES

Some of the previous year's comparative figures have been reclassified to conform to current year's presentation.



Printed on Rolland Opaque30, which contains 30% post-consumer fibre.